

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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E.O. 11652: N/A
TAGS: EFIN PL
SUBJECT: DANZIG GOLD

REF: (A) STATE 002726; (B) STATE 022579; (C) STATE 100456

PASS TO TREASURY

1. SUMMARY. REPORTS FROM THE MITREGA VISIT LEAVE US WITH A
NUMBER OF QUESTIONS REGARDING CURRENT STATUS OF THE DANZIG
GOLD ISSUE. THIS MESSAGE SUMMARIZES OUR COMMENTS AND REQUESTS
ADDITIONAL INFORMATION. END SUMMARY.

2. MEMCON OF MAY 13 MEETING BETWEEN ACTING SECRETARY RUSH AND
DEPUTY PRIME MINISTER MITREGA SUGGESTS POLES HAVE REACHED
AN AGREEMENT WITH BRITISH CONCERNING RELEASE OF DANZIG GOLD
THROUGH THE TRIPARTITE COMMISSION. WE HAVE BEEN UNDER
IMPRESSION THAT THE UK, IN THE INTEREST OF BRITISH CITIZENS
HOLDING DEFAULTED DANZIG STERLING BONDS, SHARES THE US
CONVICTION THAT RELEASE OF THE DANZIG GOLD SHOULD BE
CONTINGENT UPON SETTLEMENT OF OUTSTANDING DANZIG BOND CLAIMS.
WE ARE NOT AWARE OF RECENT MEETINGS BETWEEN POLES AND
BRITISH ON THIS ISSUE AND WOULD BE INTERESTED IN
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INFORMATION DEPARTMENT MAY HAVE CONCERNING THE TALKS

MENTIONED BY MITREGA.

3. POLISH AIDE MEMOIRE OF MAY 14 (CONCERNING SETTLEMENT OF SELECTED MATTERS PERTAINING TO BILATERAL FINANCIAL RELATIONS) APPEARS TO ASSUME AMOUNT OF GOLD TO BE AWARDED POLAND IN EVENT OF FAVORABLE COMMISSION DECISION WOULD BE 3,858 KILOGRAMS. AS WE UNDERSTAND SITUATION, POLAND WOULD RECEIVE ONLY 65 PERCENT OF THE 3858.8835 KILOGRAMS DETERMINED BY COMMISSION'S 1958 DECISION TO HAVE BEEN STOLEN.

4. POLES CAN SCARCELY DOUBT US INTENT TO LINK RETURN OF DANZIG GOLD TO RESOLUTION OF DANZIG BOND PROBLEM, AND AN EFFORT TO MOVE US AWAY FROM THAT POSITION SEEMS TO BE TAKING SHAPE. TRAMPCZYNSKI'S RESPONSE TO THE APPROACH OUTLINED BY ARMITAGE IN JANUARY (REF B) WAS ECHOED THE FOLLOWING MONTH IN COMMENT TRAMPCZYNSKI MADE TO THE AMBASSADOR IN WARSAW. TRAMPCZYNSKI CONTENDED THE DANZIG GOLD, AS "MONETARY GOLD", COULD NOT BE VALUED (OR, BY IMPLICATION, SOLD) AT WORLD MARKET PRICES. BECAUSE IN THIS INTERPRETATION THE VALUE OF THE BONDS EXCEEDS THAT OF THE GOLD, HE SAID THERE WOULD BE NO BENEFIT FOR POLAND IN A SETTLEMENT OF DANZIG BOND ISSUE ON OUR PRESENT TERMS.

5. EMBASSY IS NOT AWARE OF RESTRICTION WHICH WOULD PREVENT POLISH SALE ON WORLD MARKET OF GOLD RECEIVED FROM TRIPARTITE COMMISSION. CAREFULLY MANAGED SALES AT PRICES NEAR THE CURRENT MARKET LEVEL WOULD BRING A RETURN CONSIDERABLY IN EXCESS OF THE VALUE OF OUTSTANDING DOLLAR AND STERLING BONDS. WE WOULD APPRECIATE THE DEPARTMENT'S OPINION ON THE LEGALITY AND/OR FEASIBILITY OF SUCH SALES.

6. WE BELIEVE THE US RESPONSE ON THE DANZIG GOLD ISSUE SHOULD MAINTAIN THE TIE BETWEEN US SUPPORT FOR RELEASE OF THE GOLD AND POLISH MOVEMENT TOWARD SETTLEMENT OF THE DANZIG BOND CLAIMS. WE ARE INTERESTED IN THE DEPARTMENT'S CURRENT THINKING ON THIS QUESTION.

DAVIES

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